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INVESTIGATION OF THE AMMUNITION SHORTAGES IN THE ARMED SERVICES

THIRD REPORT

OF THE

PREPAREDNESS SUBCOMMITTEE NO. 2

OF THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

UNDER THE AUTHORITY OF

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LETTER OF SUBMITTAL

AUGUST 12, 1954.

Hon. LEVERETT SALTONSTALL,
Chairman, Armed Services Committee,
United States Senate.

DEAR SENATOR SALTONSTALL: There is submitted herewith the third report of the Preparedness Subcommittee No. 2 which was appointed by you on March 12, 1953, to investigate ammunition shortages in our armed services.

We have described in this report our requirements, worldwide commitments, ammunition production base, and the productive capacity and future potential of the North Atlantic Treaty Organization (NATO) countries. For reasons enumerated in the report, we conclude that it is essential for the Secretary of Defense to reappraise our entire mutual defense assistance program. We were somewhat disappointed in the accomplishments of the individual MDAP member nations to produce ammunition. This constitutes our principal recommendation in this report.

Respectfully,

MARGARET CHASE SMITH,
Chairman, Subcommittee on Ammunition Shortages.

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INVESTIGATION OF THE AMMUNITION SHORTAGES IN THE ARMED SERVICES

I. INTRODUCTION

A year has passed since the committee held hearings concerning the ammunition shortages in the armed services. At that time the committee was primarily concerned with the ammunition essential to successfully conclude the Korean war as expeditiously as possible.

At the writing of our last report in August 1953, the committee was satisfied that there were no ammunition shortages in the Far East and that we were capable of meeting any foreseeable contingencies in that area. The program was additionally benefited by the conclusion of the Korean war with a resultant decrease in demand and use. We recommended that the Joint Chiefs of Staff submit a document by the end of the calendar year setting forth our total worldwide commitments and the progress made in meeting those commitments. It is the Joint Chiefs of Staff document and other information furnished by the Department of Defense that prompts the writing of our third report on ammunition shortages.

The committee in its inquiry did not restrict itself to those rounds which were in critical short supply in Korea but studied the primary rounds used by each service. We did not, however, make a study of the weapons in the nuclear and thermonuclear field. We do not want to be backward looking and forget these great weapons of mass destruction, but for the purposes of our report we have confined ourselves to what can be termed conventional or standard types of ammunition.

Even in an era of atomic warfare we cannot forget these types as they represent the basic needs of the fighting man for those arms essential to protect himself.

The committee during its functions and operations to date have furnished all the facts consistent with security, in the belief that the American people have a right to be advised of our military preparedness status at all times.

II. REQUIREMENTS AND WORLDWIDE COMMITMENTS FOR AMMUNITION

The worldwide requirements for ammunition to which we, as a nation, are presently committed involve those quantities of ammunition to accomplish the following:

1. Support the United States peacetime forces in training.
2. Support the needs of United States troops in time of war.
3. Supply a limited allowance for military assistance nations to meet their training and combat needs.

The Army, Navy, and Air Force share the responsibility of furnishing the mutual defense assistance program countries that ammunition which is normal to their own day-to-day operations.

The committee believes it is important to emphasize that the basis used for computing requirements differs with each service. This means there is no common denominator or formula that is workable for all three services. Hence, we will report on the requirements of each individual service and their present ability to achieve these objectives.

Army

The Army has a requirement to furnish ammunition in the following five major categories:

1. United States troops in the Far East.
2. United States troops in Europe.
3. Training ammunition.
4. Mobilization reserve requirements.
5. Mutual defense assistance program requirements.

We will discuss the latest available figures concerning our on-hand situation and its comparison with the requirement.

1. *United States troops in the Far East.*—The committee feels the shortage of ammunition that existed in Korea and the Far East is too well known to warrant further review at this time. Suffice it to say that it was the difference between the requirements and the ammunition actually on hand that constituted the shortages.

Due to a public demand for increased production and a subsequent cessation of hostilities there is only a small variance between the needed requirements and the ammunition actually on hand today in the Far East.

2. *United States troops in Europe.*—Our ammunition requirements for United States troops in Europe are not as great as they are in the Far East. These requirements are not as difficult to meet at the present time as it was a few months ago when the Far East was such a demanding user of ammunition. With the demands in the Far East ceasing, ammunition was diverted to Europe bringing our on-hand ammunition stocks up to its required status. In the essential rounds the European situation presents no serious problem at the present time and is in the overall very satisfactory.

3. *Training ammunition.*—In the training of American soldiers we consume considerable ammunition. The Army in listing its training requirement computed its needs for the next 2 years. The committee is not clear as to the reasons for projecting this requirement so far in the future. The Navy, in contrast, authorizes 6 months' training requirements. Therefore, we have reservations as to the justification for 1 service requiring 2 years' training allowance whereas another service requires a 6 months' training allowance.

In any event, the 2-year training requirement is completely available and on hand. It is important to relate that this apparent excessive computation is more than sufficient to meet any slight deficiencies for the troops stationed abroad whether in the Far East or in Europe.

4. *Mobilization reserve requirements.*—"Mobilization reserve requirements" is complicated Defense Department terminology which, simply stated, means that we must have sufficient ammunition on hand in the event of war to last us until postwar production equals battlefield consumption. Postwar production will equal battlefield consumption more rapidly if on D-day we have an appreciable number of produc-

tion facilities on an active basis. Therefore, if we have these active facilities we do not need as much ammunition in storage because it will not have to last as long. Conversely, if we have few or no active producers it will be a much longer period of time before production can equal this battlefield consumption rate and hence we will need a far greater amount of ammunition in the storage areas. Thus, during the period of uneasy peace it behooves us to maintain as many active facilities as the national economy can readily sustain rather than to accumulate large stocks.

Some of the factors that must be considered in determining this requirement are the men and guns to be committed to combat during the first few months of the war, and a timetable of production for turning out the implements of war.

The mobilization reserve concept is dependent upon the production base in being at any given time. As plants are put into standby, there is a need for larger amounts of ammunition in the mobilization reserve. The Army has this continuously under consideration and review and before it closes a plant producing a particular round of ammunition, it obtains sufficient stocks of that type to build up the reserve due to the termination of that particular plant.

It also is the primary responsibility of the military planners to determine to the best of their ability the types and amounts of ammunition needed in order to meet war on any terrain and under any conditions. If their decisions are not accurate the result will be a tremendous imbalance in inventory, which means that we easily can have a few billion dollars' worth of ammunition on hand but very little of it would be suitable to meet the particular emergency or contingency that has arisen.

Let us examine the case of Korea. At the end of World War II we had tremendous quantities of ammunition on hand. Continued production of ammunition generally could not be justified and hence producers were closed down. When the Korean war broke out it took from 18 months to 2 years to establish, rehabilitate, and bring into full production the plants which had been closed down following World War II. The Korean war was fought on a different terrain. Hence, some of the ammunition types used in World War II were not in as great a demand. This made for an imbalance in inventory. This meant that some of those items in critical demand were not in the inventory in large quantities. We had to adjust this imbalance in inventory to meet the demands for Korea.

5. *Mutual defense assistance program requirements.*—The 1950–54 fiscal years MDA program when completed should provide for a limited mobilization reserve of ammunition (computed at United States authorized rates) for all MDA supported forces plus a 1-year training allowance. This requirement was to be partially produced and supplied by the United States and the balance thereof to be accomplished through offshore procurement—i. e., produced by European countries in NATO. The ammunition commitments to be supplied by the United States have been largely met and are in an excellent degree of accomplishment. It has not all been delivered due to the inadequacy of European storage facilities in secure areas.

The offshore procurement program although not satisfactory has recently shown substantial improvement. The ammunition produc-

tion base in Europe has been markedly developed but they still are considerably in arrears toward finishing their ammunition production objectives.

A shortage exists in European facilities for the production of chemical components of explosives, propellants, and for loading. According to present estimates, if these facilities were balanced with European metal capacities, the European ammunition industry would be able to supply approximately 25 percent of European NATO ammunition requirements. Assuming the availability of this industry in an emergency, the United States would be required to provide the bulk of the remainder of NATO ammunition requirements.

In its report to the committee the Army cautioned that funds had not been requested to provide the materiel support to meet the NATO deficiency in time of war. This raises the question as to whether it is generally known that we are only purchasing a limited European capacity through our offshore procurement program as it pertains to ammunition.

It has been reported that we are supplying ammunition to support the war in French Indochina. When the Army's report was submitted there was no indication of the effect this support would ultimately have on the Army's future requirements. As this situation has developed recently with grave and serious implications, it may necessitate another reappraisal of the ammunition requirements.

The semiannual report to the Congress by the Foreign Operations Administration concerning the mutual security program reveals that to date there has been made available approximately $785 million for military equipment to reinforce the French and the associated states of Indochina in the 8-year-old war against the Communist-led Viet Minh forces. A considerable portion of this money was for ammunition.

Navy

The Navy has a different method of calculating requirements. Ships at sea obviously cannot store a 90-day supply aboard. They fill the magazine complement on each warship and this presents the first requirement namely, that amount of ammunition necessary to supply all of the fleet in the active establishment. This requirement has been uniformly met.

The second requirement of the Navy is to provide sufficient ammunition in overseas depots which will act as resupply points for the operation of the fleet throughout the world until ammunition can be sped through the pipeline from the United States. This requirement in the Far East has presented no difficulties and is in a maximum state of readiness.

The European resupply points are below the desired level. The limitation is not a lack of ammunition but is the inability of certain countries to provide the necessary ammunition depots. Stocks are available to meet and resupply the fleet in that area but those stocks are being held here in reserve.

The third requirement for the Navy is known as peacetime requirements. This requirement includes 6 months' training ammunition and a level of supply equal to 6 months' war usage for the current active fleet. This requirement has been substantially met by stocks on hand. In those cases where there is a deficiency it will be largely

corrected in the near future through new production. It is felt that the inclusion of 6 months' wartime usage as a part of peacetime requirements is misleading and that more appropriate terminology should be used to more correctly define what is required for the routine peacetime operations as contrasted with the needs for war.

The fourth requirement for the Navy is its mobilization reserve materiel requirement, and is the quantity of ammunition required in stock to support war operations until production can do so.

During the Korean war the Navy expanded and broadened its production base to such an extent that at present it has a large production potential which has minimized the need for large stockpiles of ammunition under the mobilization reserve materiel requirement in many categories.

The mobilization reserve materiel requirement is comparable to the mobilization reserve requirements of the Army. The Navy has not therefore commenced to accumulate large stocks to date.

Such an accumulation of ammunition would be imprudent from an economical standpoint considering the active and standby production facilities presently in operation and existence. The Navy must give serious consideration to building up their stockpile when this base is reduced.

The purchase of tremendous quantities of ammunition has further disadvantages such as (1) creation of storage and warehouse problems; (2) enormous stocks are subject to obsolescence due to long periods of storage and the periodic substitution of new type ammunition and (3) poses a serious problem of maintenance and expense to keep them operable.

The reworking of unserviceable rounds and the receipt of ammunition currently on order will make the Navy's ammunition position generally satisfactory in the next year except for a few items of new design.

The Navy has a requirement for furnishing ammunition under the MDA program. It is relatively small and these commitments are in the process of being met.

Under the Department of Defense's single source procurement system the Army and Navy are largely procurers of their own ammunition requirements and in addition act as agents in procuring the needs of the Air Force and Marine Corps. However, the Air Force and the Marine Corps compute their own requirements and finance their own programs.

Air Force

The basis for computing Air Force requirements are somewhat unique in nature.

The Air Force will need ammunition to carry out fighter and bomber sorties and missions in the Far East and Europe. In addition they are responsible for the air defense of the United States.

There were 115 wings in existence by June 30, 1954. By June 30, 1957, there are to be 137 wings in operation. This will automatically create further demands for ammunition.

The peacetime training ammunition requirement is nominal because a special type of ammunition is used for this purpose and hence it does not cut into the overall wartime requirements.

The requirements for the Air Force in the overseas areas have been largely met through utilization of World War II stocks. It does have 2 or 3 deficiencies which must be improved upon. They have some difficulty in placing the ammunition where it should be located due to the inadequacy of storage facilities.

The quantities of World War II ammunition on hand are usable in ever-decreasing quantities. This is so because the newer, faster, higher-performing aircraft renders the older ammunition ballistically and operationally unusable in many instances. Why is this so? The bombs used during World War II were fairly large in size and diameter and being "high drag" in nature meant that they had considerable air resistance to them. The production of higher speed aircraft has made it necessary to develop a "low drag" bomb which has lower wind resistance characteristics. It is in this field of procuring the newer types and designs of ammunition that has caused the gravest concern on the part of the Air Force officials.

The Joint Chiefs of Staff's report pointed out to the committee that by July 1, 1955, the Air Force will not have achieved all of its reserve requirements necessary to support the forces in being in the event of war except for a limited period of time. We have confined our investigation to conventional ammunition; it does not embrace our thermonuclear potential.

Perhaps the committee is unduly apprehensive, as Secretary Talbott, on February 11, 1954, before the House Subcommittee on Air Force Appropriations when questioned about the ammunition program said: "I do not believe there is any problem there." After our study of the ammunition program in all three services, we reached the conclusion that the Air Force is in the weakest position. We are going to continue our inquiry in this area and desire to obtain additional information from Secretary Talbott to clear up apparent inconsistent conclusions on the status of the program.

The MDAP program assigned to the Air Force is being met for the most part. We have received assurances from the Joint Chiefs of Staff that the ammunition support for MDAP recipients is within the USAF capability and the more important commitments to date have been met. We understand this is predominantly World War II ammunition. A limiting factor is the inability of the European countries to receive and store ammunition at this time.

Marine Corps

The Marine Corps' requirements for ammunition in overseas areas are confined generally to the Far East. These requirements are supplied by the Army. Their authorized levels in the United States are deficient but there has been an improvement in their stockpile position in the past 6 months.

Their requirements apparently do not take into consideration the receipt of ammunition after M-day and seemingly show a larger deficit than is warranted. It also does not take into account production which is funded into the future, thus giving no indication of the improvements in the quantity of reserve stocks which will result from future production.

III. MUTUAL DEFENSE ASSISTANCE PROGRAM (MDAP)

In our last report the committee indicated its concern with the ammunition situation in the NATO countries (North Atlantic Treaty Organization), which, for the most part, receive the bulk of military aid under the MDA Program.

The mutual defense assistance program as it affects the United States and pertains to ammunition is being met from two sources as follows:

(1) United States furnished: This part of the total ammunition requirement comes from current United States production or off the shelves of the storage depots.

(2) European furnished: This is the largest part of the total requirement and is realized through production by European facilities and is referred to as the offshore procurement program (OSP) and paid for in large part with United States funds, and the latest report shows that about $850 million is committed in this category.

We have mentioned previously under MDAP requirements the present problems confronting the offshore procurement program.

The former Assistant Secretary of Defense for International Security Affairs, Mr. Frank Nash, submitted a résumé of his personal examination of the ammunition situation. The report was a comprehensive one, in that it listed the requirements and the ammunition on hand for each caliber of ammunition. In addition, it chartered the categories by countries making it extremely easy to understand the exact amount of ammunition required and on location in each country. The committee's analysis of the report in conference with Department of Defense officials revealed that the SHAPE requirements of each country were computed by the individual country and have no relation with the United States authorized rate of fire and days of supply as computed by our military officials.

As a result, there is great difficulty in achieving and computing a uniform SHAPE rate of fire. Each country computes their own requirements and stock level on a different basis, that is, some exclude the basic load with the result that the number of rounds on hand at any given period is unknown to the United States reporting officials. Some countries exclude their stocks left over from World War II. Other countries exclude indigenous production. United States figures include ammunition which was capable of rehabilitation whereas the SHAPE figures include only quantities of ammunition that was serviceable.

Apparently this matter has been so confusing to our defense officials that a reevaluation for establishing requirements common to all NATO countries was to be undertaken so that days of fire, rounds per day, etc., would be computed on the same basis. Consequently, the United States has not concurred in the SHAPE ammunition attrition rates and the requirements computed from these figures. The United States contends these figures are unrealistically high.

The committee concludes that the inventory showing on hand for each individual country is definite only as to the United States produced ammunition delivered overseas and that which resulted from offshore procurement.

In the Davis report which is termed such, as it was received from the Director, Foreign Military Affairs, Department of Defense (Vice

Adm. A. C. Davis), it was reported that of the total ammunition programed for MDAP countries in NATO the greater percentage was to be procured through offshore procurement and the remainder to be supplied directly from the United States. Only a small percentage of the offshore procurement has been delivered, whereas nearly all of that amount to be furnished by the United States has been shipped.

There apparently is some confusion in the reporting of the actual ammunition picture. The Joint Chiefs of Staff's report in all respects, except for MDAP, listed its total requirements. There was no total requirement for MDAP given and in that column they only reported the remaining requirement which was as yet undelivered. This amount is at variance with the Davis report as to several rounds, as to both the amount of ammunition programed and secondly the amount of ammunition yet to be delivered. There also is a conflict between the Davis report which lists the ammunition as being shipped and apparently in the European theater whereas the Joint Chiefs of Staff report shows large quantities earmarked for delivery but as yet still stored in the United States.

The committee is concerned over these figures and their apparent discrepancies, and desires the Defense Department to make an exhaustive reappraisal of this MDAP inventory situation.

PRODUCTION

In order to evaluate the production program of the Ordnance Corps the committee investigated the dollar volume and number of rounds produced. In 1952, our production exceeded 52 million rounds of artillery ammunition and in excess of 3 billion rounds of small arms ammunition. During 1953, our production was approximately 87 million rounds of artillery ammunition and about 4 billion rounds of small arms ammunition. In contrast to these statistics our production in the 6 months immediately preceding Korea was slightly in excess of 1 million rounds of artillery ammunition.

The production of ammunition during 1953 attained a dollar expenditure rate of $240 million per month during the middle of the year and reached a peak toward the latter part of the year so that it approximated $260 million a month. It is expected to average about $200 million per month during 1954 with a gradual decline in production to about $170 million monthly at the end of this calendar year.

This decline has been the result of three major downward revisions of Army production schedules in the past year. It is our understanding that this has been an across-the-board reduction but that it has particularly affected the ammunition program. The first major revision in June 1953, scaled down the production schedule below the budget plan provided in fiscal year 1954. The Congress was informed, however, in spite of this revision the new plan still provided for support of combat in Korea at authorized consumption rates.

The second revision was made immediately after combat ended and at which time the high combat consumption items were substantially reduced. In December 1953, the Secretary of Defense directed a third review of production schedules so that the new concept for planning and financing our national security program would conform to the President's budget message.

With these three revisions in the present schedule we have been informed that the greatest single monetary reduction has been made in planned-deliveries of ammunition. The original estimate of $1.6 billion savings in ammunition production if the war ended in Korea by July 1, 1953, has now been revised to $2.25 billion.

Last year there was a greater efficiency in production. The average cost of ammunition in 1951 was $1,526 per ton; in 1952 it was $1,308 per ton and in 1953 $1,272 per ton. These costs were made possible because of new methods of manufacture, greater quality control developed by the Army and industry and cheaper costs realized by mass production.

Beyond this increased volume production of conventional type ammunition, the Ordnance Corps was making considerable strides in developing new type arms and ammunition. In artillery the 280 mm. gun which can fire both atomic and conventional-type projectiles was developed and perfected in this period. The new 75 mm. antiaircraft gun, the Skysweeper, which fires 45 rounds per minute, and which is automatically aimed and loaded, was perfected. The testing of the production models of guided missiles continued so that today we are forming antiaircraft battalions to use the new missile called Nike. This weapon is designed to protect our shores against invasion by high and fast flying bomber aircraft.

V. PRODUCTION BASE

The concept of a production base, in its simplest terms, means the number of industrial producers who are concerned with the manufacture of ammunition. One misconception which should be corrected at the outset is no one manufacturer is responsible for turning out a completed round of ammunition. Each round of ammunition has many parts which are complicated to produce and which are called components. Usually, one manufacturer is responsible for the production of one, or at the most, a few components. These components are processed and delivered to a manufacturer who is known as an assembler. In the case of ammunition it is usually a Government-loading plant which has the responsibility of assembling the finished product and putting the deadly charges into it.

Therefore, when we speak of the production base it is easily recognized that it is not a simple matter to say "we have our quota of this type of shell" and, merely inform a manufacturer, to cease further production. You may have to consider terminating as many as 20 or more individual manufacturers in curtailing the production of any 1 type of ammunition.

This is preliminary and basic to discussing the production base, which is the total number of producers and/or manufacturers in the field of ammunition.

Today we have the largest base in our history. Ammunition is being produced in tremendous quantities. Although we still are in a period of crisis, and may be for some years to come, there is no "shooting war" consuming ammunition at any comparable rate with our production. Therefore, due to obvious reasons of economy, it is expedient that we terminate, cut down, or stretch out ammunition production. In this connection several alternatives have been mentioned: (1) to keep all of the producers in being and not to let them discontinue

until the threat of war has ceased due to the capabilities of the United States in mass production. This would be a hazardous course to pursue economically and would deplete our national resources at a precarious rate.

(2) To produce all the ammunition that we believe will be needed and then shut down all the production lines. This method has serious disadvantages. Tremendous stocks would be required, without the existence of any production facilities, as they would have to be sufficient in number to last until production once again came into being. The storage of such tremendous quantities would constitute grave problems of maintenance and with the development of new weapons obsolence would be much more costly. Upon the reoccurrence of a new emergency it would be necessary to completely rehabilitate the entire ammunition industry.

(3) To achieve a compromise and a balance between stocks on hand and standby productive capacity ready to produce on short notice and with some of that capacity in a state of partial production. It is our understanding that this policy is being given serious consideration for possible adoption. It is believed that this method will eliminate the necessity of large stocks on hand; will benefit private industry by keeping them in operation for longer periods of time and most important will enable us to get production into being within a matter of 4 to 6 months. This figure will vary depending on the type of ammunition and industry involved. We may not have 2 years to obtain sufficient ammunition as we did after the outbreak of Korea.

Today there is a new military concept in use known as the floating mobilization base concept. Formerly, the military planners picked out a date in the future in which they thought war would most likely occur. This was not altogether satisfactory as they were forced to establish certain stockpile goals to be reached by this date without consideration being given to the production base in being on D-day. Once these goals were achieved, then no further production was warranted and the industry was lost and not available as they returned to commercial pursuits. The stockpile was constantly developing a state of obsolescence which limited its future use. In summary, therefore, key emphasis was placed on accruing large stocks.

The floating mobilization base concept does not pick out a specific D-day but the emphasis and key dependence is placed on the production lines in being and the stockpile is subordinate to the lines in existence.

Under this idea the military would prefer having a more active industry producing ammunition than they would to have the product of their efforts and have them go out of existence.

In summary, this new concept places major stress on keeping the maximum number of producers in being that is economically feasible with due consideration given the stockpile.

Other new means in providing the maximum defense effort have found the Defense officials attempting to keep producers in the highest possible state of readiness even though they go out of active production. This is referred to as plants in standby.

Setting up sufficient standby facilities involves the following problems:

1. It is preferred that the equipment which is necessary to produce an essential military item remain under the control of the producers.

In this manner responsibility is established and know-how for operations remain ever present. Also the cost of storage and maintenance are more readily determinable.

2. The producer must accept the delegated responsibilities so that we will be able to resume production on the shortest possible notice.

3. It must be economical so that it is practical and reasonable for the national economy to support it.

Once the determination has been made to keep them in a standby condition ready for immediate operation the problem of storing the tools and facilities must be dealt with. You can (1) leave the equipment in place where it has been operating; (2) remove the equipment for storage purposes but leaving it in either the same building or the same vicinity; (3) remove the tools from the contractors plant and store them in a Government warehouse.

From the standpoint of efficiency and expediency it is obviously more advantageous to permit the tools and facilities to remain in place providing the manufacturer has no objections. Often times the demand for valuable industrial space makes it necessary that he remove it to another location on his premises. However, as long as he can retain possession of this equipment and accepts the responsibility for its proper care and has the requisite personnel to operate it our overall state of readiness is greatly improved. If it becomes necessary to store it in Government warehouses and an emergency occurs it will be expedient to ship it considerable distances, reinstall it in a plant, find the qualified personnel to operate it, and in many instances the recipient manufacturer may not be the same one who formerly used the tools. This will result in some confusion and a considerable waste of valuable time. Therefore, it appears to the committee that the military should make every possible effort to achieve the contractual agreements with the manufacturers to locate the facilities in the most advantageous position where possible on their premises. The Department of the Army states that this is a very economical approach in addition to its military advantages.

We want to preserve that equipment necessary to maintain a production base capable of rapid expansion in case of all-out mobilization. We want to avoid the appalling results of the rapid dissipation of our tools and facilities immediately following World War II.

In its last report the committee recommended that the Department of Defense file with the committee an inventory report of all plants showing their productive capacity in the event of war and the time required for war conversion under this new plan.

This report stated that within 3 months a certain number of plants will have attained full productive capacity and the reactivation of standby and other facilities will be underway by this time so that at the end of 17 months it is expected that over 563 plants will be producing at maximum capacity.

VI. CONCLUSIONS

1. Ammunition is now in the Far East and Europe in adequate quantities to meet the requirements established by the military planners to provide the needs for United States troops in those areas, except for some slight deficiencies which are capable of being remedied on very short notice.

2. The Army has computed its training ammunition requirements 2 years in advance. This ammunition is in the stockpile. The committee was unable to ascertain the reason for such a long forecast when compared with Navy, which projects its training requirements for only 6 months. In any event, this apparent excessive computation by the Army is capable of making up any of the slight deficiencies that may arise abroad.

3. The United States must have enough ammunition to last from D-day, when war breaks out, until P-day, which is the day that production equals battlefield consumption.

4. The present expenditure ceilings invoked by the Secretaries of Defense and Treasury have resulted in elimination of multishift production and forced the closing down of plants not producing essential or critical rounds of ammunition.

5. The European production base for ammunition that is being established under the mutual defense assistance program will be of little assistance in the event of an all-out war. Their maximum production will equal only 25 percent of their expenditure rates. Unless the United States is willing to see these countries swallowed up by Communist aggression, it will be essential to supply them with the necessary ingredients to carry the burden of combat. To date, no funds have been requested to provide for this deficit of materiel support.

6. The mutual defense assistance program has another purpose, namely, to supply a limited reserve of ammunition to the recipient countries. This reserve was to emanate from two sources: (1) Offshore procurement and (2) United States-furnished. The United States-furnished ammunition is less in amount than the offshore procurement program. It is almost completed, but a great amount remains to be accomplished under the offshore procurement program.

7. There are no figures available at the writing of this report setting forth the aid furnished in French Indochina. It is not clear whether it will necessitate a reappraisal of our ammunition position.

8. The Air Force appears to be in the weakest position at the present time. Due to the development of new and faster planes, the old standard ammunition is becoming less usable. Procurement of new types and designs, from the standpoint of deliveries, has not reached the present requirements to sustain operations except for a limited period of time.

9. The floating mobilization base concept, which constitutes part of the New Look, places key reliance on active production lines or their potential capacity, rather than the old custom of accumulating large stocks for a specific D-day without any consideration being given to the industrial capacity. Ammunition in the stockpiles is not discounted under the new formula. It merely changes the ratio. If the production potential is excellent, the need for large stocks is lessened; whereas, if our production base, active or potential, is bad, then the need for larger stocks becomes mandatory. Accordingly, in December 1953, the Secretary of Defense directed a third review of production schedules conforming to the "new concept for planning and financing our national security program." Under this concept our objective is not to achieve maximum readiness by an "assumed fixed date of maximum danger," but to provide for a "strong military position which can be maintained over an extended period of uneasy peace." The Secretary of Defense directed "immediate and appropriate action

to implement the approved long-range plans" and established expenditure objectives for the Army in consonance with it. The committee concluded that this principle of operation may not meet with full military approval because under this policy full materiel readiness for a global war at any time in the foreseeable future is not envisioned.

VII. RECOMMENDATIONS

The committee recommends:

1. That we continue to review this problem due to the uneasy conditions present in the world today.

2. That we devote our attention to the effect the newer weapons in the thermonuclear field will have on our defense posture. Their presence has already made their effect known on the size and rate of speed with which our conventional or standard types of ammunition are being accumulated.

3. That the Air Force prepare a survey setting forth its procurement policies and status of present stocks, for submission to the committee.

4. In view of the drains which the French Indochina War may have caused and the numerous ammunition programs which have been cut back, the committee believes that this investigation should continue to have our active attention.

5. That the Department of Defense officials concerned with the administration of mutual defense assistance affairs coordinate their information and figures with each service and submit a report to our committee, setting forth the following information:

A. Total MDAP ammunition requirements by service.

B. A breakdown showing that to be furnished by (*a*) United States and (*b*) offshore procurement.

C. Deliveries made through June 30, 1954, from both sources.

D. Dollar value of component parts furnished by the United States to the offshore procurement program so that they can complete the finished round.

E. A list showing the capability of each MDAP member to produce completed rounds and the dollar volume of contracts awarded each MDAP country.

It is recommended that the Secretary of Defense reappraise the MDAP program and submit his views thereon together with the submittal of the above information, as the committee after its review of all previous reports is disappointed in the accomplishments by the individual MDAP member nations in producing ammunition.

If these countries must be reliant for essential component parts from the United States it affords little potential or basis for reliance in the event of conflict.

Therefore, we feel this apparent lack of self-sufficiency justifies a reappraisal of the program with the possible result of producing the ammunition in the United States.

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